

Message Text

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ORIGIN EB-07

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DRAFTED BY EB/IFD/OIA:DHSTEBBING:ME

APPROVED BY EB/IFD/OIA:RJSMITH

AF/E:RSBARRETT

AF/EP:LMWHITE (SUBS)

L/AF:MMATHESON (SUBS)

TREASURY:RANQUE (SUBS)

COMMERCE:GFELDMAN (SUBS)

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R 172240Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY ADDIS ABABA

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E.O. 11652: N/A

TAGS: EINV, ET

SUBJECT: EXPROPRIATED U.S. PROPERTY IN ETHIOPIA

REFS: (A) STATE 143822; (B) ADDIS 7654; (C) ADDIS 7762

1. CIEP INTERAGENCY GROUP ON EXPROPRIATION FOUND INFORMATION CONTAINED IN REF B EXTREMELY USEFUL FOR JUNE 25 MEETING. THE GROUP TOOK NOTE OF COMPENSATION COMMISSION PREPARATIONS AS CONTINUING SIGN OF EPMG INTENT TO REACH SETTLEMENTS BUT FELT THAT THE PACE WAS EXTREMELY SLOW, PARTICULARLY BECAUSE COMMISSION INDICATED IT WAS NOT YET READY TO ACCEPT CLAIMS OR TO GIVE AN ESTIMATE OF WHEN IT
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WILL BE READY. THE GROUP WAS CONCERNED THAT IT IS NOT

APPARENT THAT THE COMMISSION HAS A CLEAR MANDATE FOR ITS ACTION AND THAT IT IS STILL IN THE PROCESS OF OBTAINING STAFFING AFTER APPROXIMATELY SIX MONTHS. AMBASSADOR'S FAREWELL CALL ON CHIEF OF STATE, THEREFORE, WAS TIMELY (REF C). WASHINGTON AGENCIES REQUEST THAT YOU NOW FOLLOW UP AMBASSADOR'S DEMARCHE AT APPROPRIATE LEVELS TO CONVEY NEED FOR ACCELERATED ACTION TO RESOLVE UNSETTLED CASES AND TO EXPLORE POSSIBILITIES FOR FORWARD MOVEMENT. WE BELIEVE DIPLOMATIC NOTE WOULD BE APPROPRIATE VEHICLE, UNLESS EMBASSY PERCEIVES OBJECTION. PLEASE SUGGEST ANY REVISIONS IN THE TEXT YOU FIND APPROPRIATE, ALTHOUGH THE CENTRAL POINT THAT

WE NOW NEED THE EPMG TO GET DOWN TO CASES AND MAKE PROGRESS WITHIN A REASONABLY SHORT TIME PERIOD OR FACE THE POSSIBLE IMPOSITION OF SANCTIONS MUST REMAIN CLEAR.

2. TEXT OF NOTE WITH COMPLIMENTARY OPENING AND CLOSING OMITTED FOLLOWS: BEGIN TEXT:
...HAVE THE HONOR TO REFER TO THE QUESTION OF COMPENSATION FOR NATIONALIZED U.S. FIRMS. THE US GOVT HAS RECEIVED NUMEROUS INQUIRIES FROM FIRMS WHICH HAVE INVESTED IN ETHIOPIA AND ARE SEEKING ASSISTANCE WITH RESPECT TO A VARIETY OF ISSUES, SUCH AS OWNERSHIP OF EQUITY IN THE ENTERPRISES, MANAGERIAL CONTROL, REMITTANCE ABROAD OF DIVIDENDS, PROFITS, AND OTHER PAYMENTS, AND FAIR COMPENSATION FOR ANY ASSETS NATIONALIZED.

--EARLY THIS YEAR THE EPMG ESTABLISHED THE COMPENSATION COMMISSION AS A FORUM FOR CONSIDERING COMPENSATION AND RELATED ISSUES, AND IT HAS BEEN AT WORK FOR SIX MONTHS GATHERING INFORMATION AND PREPARING ITS POLICIES AND PROCEDURES. THE U.S. GOVT REGARDS THE WORK OF THE COMPENSATION COMMISSION AS A MATTER OF IMPORTANCE AND URGENCY AND BELIEVES THAT IT IS IN THE BEST INTERESTS OF ETHIOPIA AND THE UNITED STATES FOR THE COMMISSION TO BEGIN STUDY OF PARTICULAR CASES AND NEGOTIATIONS WITH THE ENTERPRISES CONCERNED AS SOON AS POSSIBLE. THE LOGICAL FIRST STEP TOWARD NEGOTIATIONS IS SUBMISSION OF COMPANY CLAIMS. TO ASSIST U.S. FIRMS IN THESE MATTERS, THE US GOVT WISHES TO BE ADVISED OF PROCEDURES ESTABLISHED BY LIMITED OFFICIAL USE

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THE COMMISSION FOR THE RECEIPT OF CLAIMS AND FOR THE NEGOTIATION OF COMPENSATION AND OTHER MATTERS.

--THE USG ALSO DESIRES TO ASSIST FIRMS SEEKING CLARIFICATION OF THEIR STATUS. IN ONE INSTANCE THE EPMG HAS PERMITTED AN INVESTOR TO REGAIN CONTROL OVER ITS INVESTMENT. IN OTHER CASES SIMILAR ACTION WOULD BE BENEFICIAL BOTH TO THE ETHIOPIAN ECONOMY AND TO THE INVESTOR. THE

U.S. GOVERNMENT URGES THAT THE EPMG PROMPTLY REVIEW THE STATUS OF U.S. INVESTORS AND COME TO MUTUALLY SATISFACTORY ARRANGEMENTS WITH THEM ON QUESTIONS OF OWNERSHIP, MANAGEMENT, REMITTANCES ABROAD, AND RELATED ISSUES.

--THE URGENCY WHICH THE US ATTACHES TO THESE ISSUES DERIVES FROM A DESIRE TO SEE THEM RESOLVED FAIRLY AND, AS WELL, FROM THE NEED TO OBSERVE CERTAIN PROVISIONS OF U.S. LAW THAT PERTAIN TO ECONOMIC ASSISTANCE PROGRAMS. AS THE EPMG IS AWARE, THE STATUTES WHICH PROVIDE AUTHORITY TO GRANT GENERALIZED TARIFF PREFERENCES, TO SUPPORT OF LOANS UNDER CONSIDERATION BY THE INTERNATIONAL DEVELOPMENT LENDING INSTITUTIONS, AND TO EXTEND BILATERAL ECONOMIC ASSIS-

TANCE, ALL CONTAIN PROVISIONS THAT REQUIRE THE USG TO WITHHOLD SUCH BENEFITS UNLESS THERE IS REASONABLE PROGRESS TOWARD PROMPT PAYMENT OF ADEQUATE AND EFFECTIVE COMPENSATION TO U.S. CITIZENS FOR PROPERTY NATIONALIZED BY HOST GOVERNMENTS. IN LIGHT OF THESE STATUTORY REQUIREMENTS IT WOULD BE IN THE MUTUAL INTEREST OF OUR GOVTS FOR THE COMPENSATION COMMISSION AND OTHER AGENCIES DESIGNATED BY THE EPMG TO UNDERTAKE CONSIDERATION OF PARTICULAR CASES, I.E. TO RECEIVE CLAIMS AND BEGIN NEGOTIATIONS AS CIRCUMSTANCES DICTATE, WITHIN A REASONABLY SHORT PERIOD OF TIME.

--FOR ITS PART, THE U.S. GOVT STANDS READY TO DISCUSS THE CIRCUMSTANCES OF U.S. FIRMS OR TO PROVIDE ASSISTANCE IN ANY WAY IT CAN TO FACILITATE EARLY AND EQUITABLE RESOLUTION OF INVESTMENT ISSUES.... END TEXT.

3. EMBASSY IS ALSO REQUESTED TO CONVEY SUBSTANCE OF ABOVE MESSAGE TO OTHER EPMG OFFICIALS AS APPROPRIATE AND TO LIMITED OFFICIAL USE

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PROPOSE TO SUCH OFFICIALS ANY SPECIFIC STEPS TOWARD SETTLEMENTS THAT, UPON CONSULTATION WITH THE COMPANIES CONCERNED, YOU CONSIDER HELPFUL AND FEASIBLE. ALTHOUGH THE ABOVE NOTE STOPS SHORT OF SPECIFYING STEPS TO BE TAKEN CASE BY CASE, LEAVING THE SPECIFICS UP TO THE ETHIOPIANS AND THE COMPANIES, YOU SHOULD MAKE SURE THE EPMG UNDERSTANDS WE NEED CONCRETE MEASURES, NOT MERELY FURTHER ASSURANCES, IF PROPABLE LOSS OF ECONOMIC BENEFITS IS TO BE AVOIDED. KISSINGER

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